

Ottawa Hull K1A 0C9

(21)	(A1)	2,177,448
(22)		1996/05/27
(43)		1996/12/03

(51) Int.Cl. <sup>6</sup> G06F 17/60

(19) (CA) **APPLICATION FOR CANADIAN PATENT** (12)

(54) System for Purchasing with a Discount and/or Rebate  
Contribution

(72) Kannegiesser, Sheldon - U.S.A. ;

(71) Same as inventor

(30) (US) 08/460,183 1995/06/02  
(US) 08/589,968 1996/01/23

(57) 23 Claims

**Notice:** This application is as filed and may therefore contain an  
incomplete specification.



**ABSTRACT**

A system for making contributions to an affinity group or nonprofit organization is effected through purchasing a product from a supplier at a predetermined price. A rebate amount is designated in relation to the purchased product. A recipient is identified of at least a portion of the rebate amount. A tax contribution benefit is created to the purchaser as a result of the rebated amount. The purchaser can selectively authorize at a least portion of the payment of the rebate to the recipient. A bank periodically passes at least a portion of the rebate to the recipient. In other cases, there is a point of sale discount provided immediately and electronically on the purchase. In other situations, there is the alternative of selecting a rebate and/or discount to selected amounts or percentages.

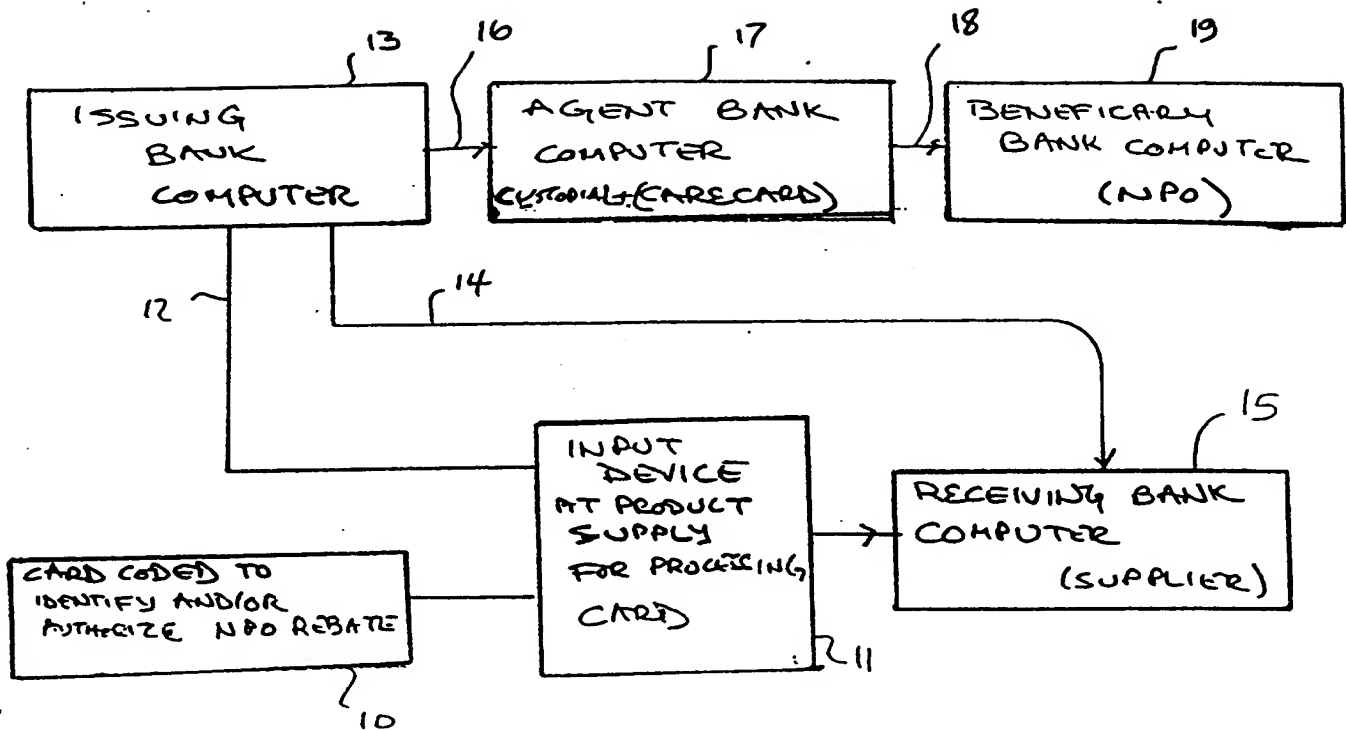


FIG 1A

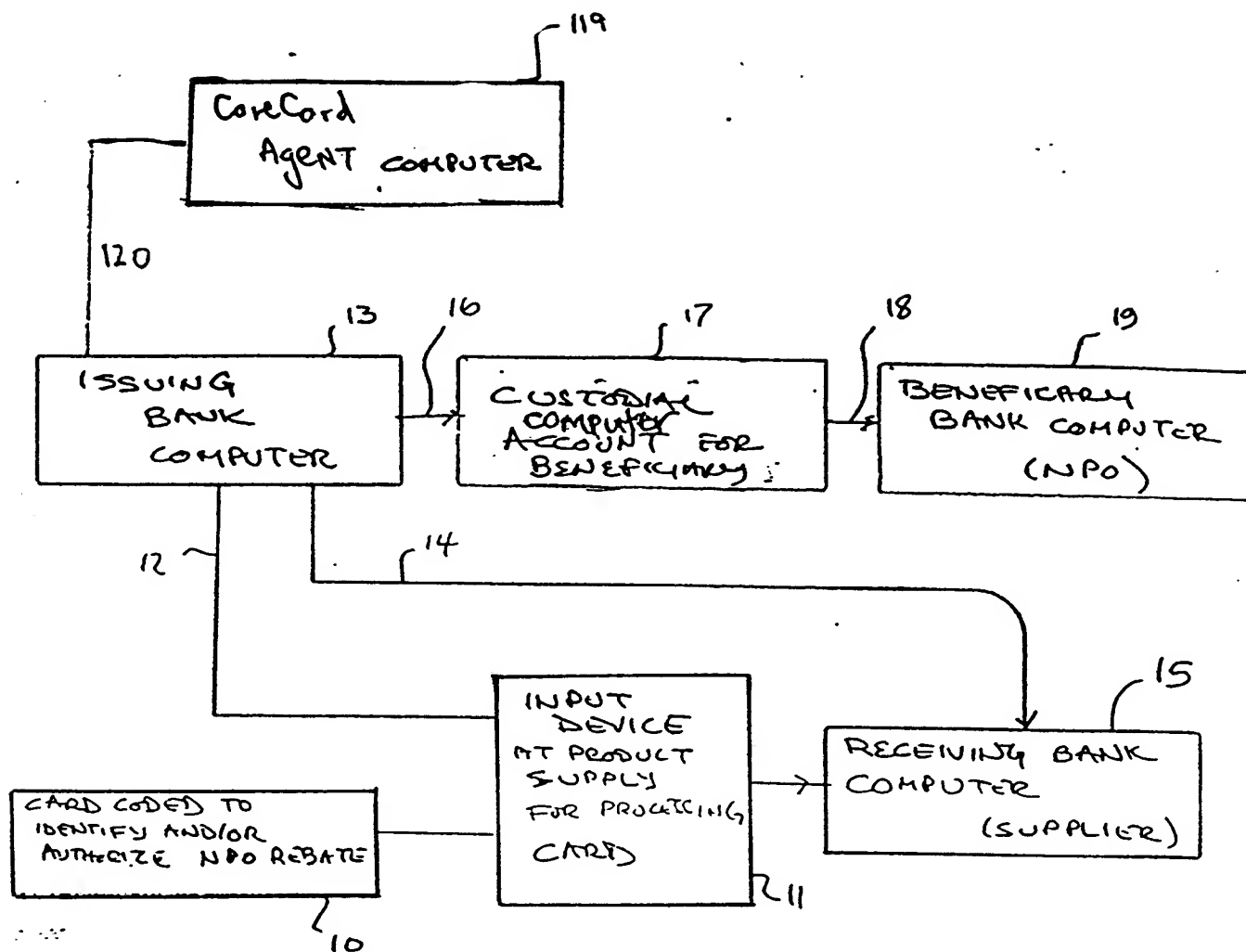


FIG 1B

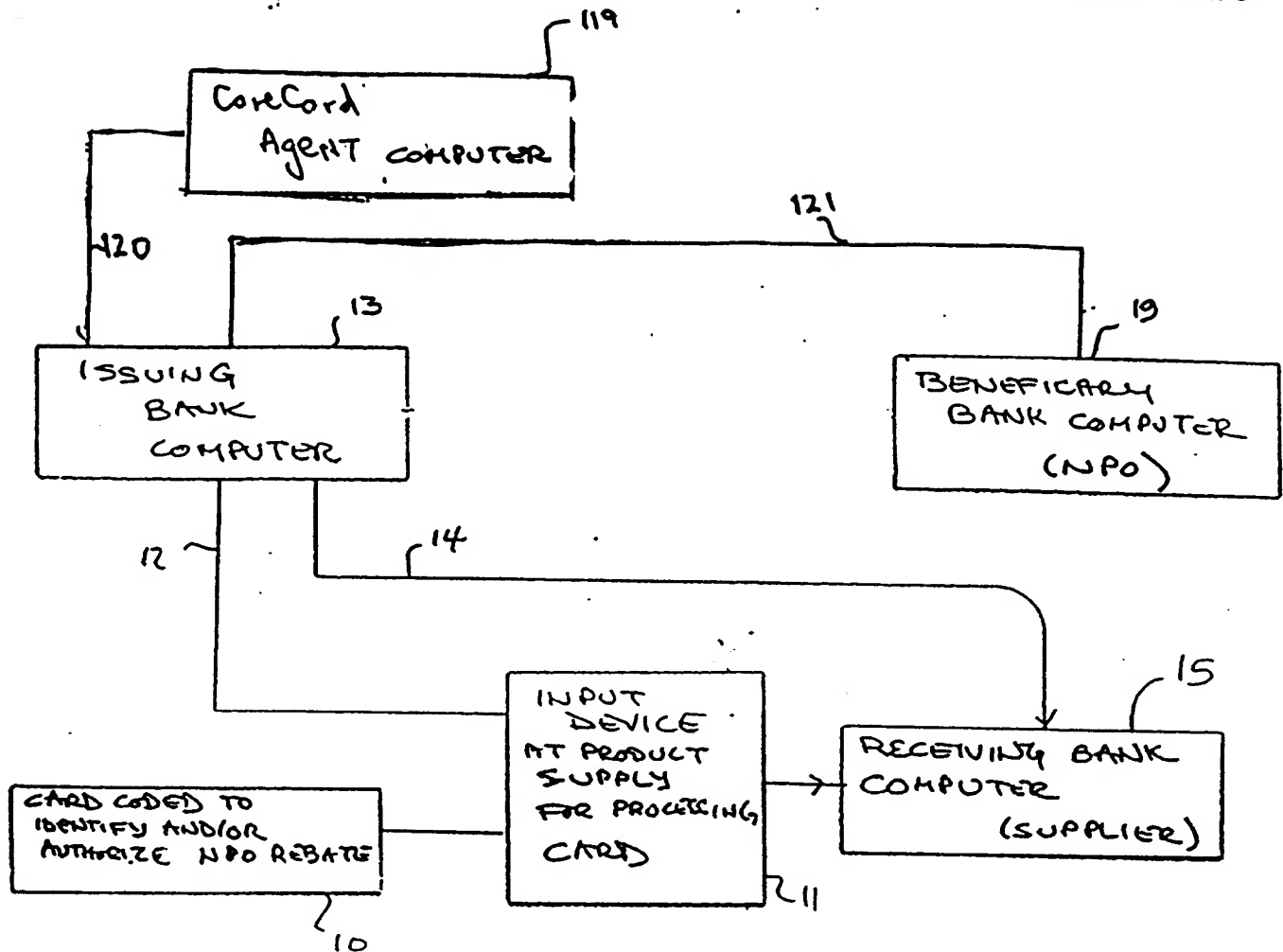


FIG 1C

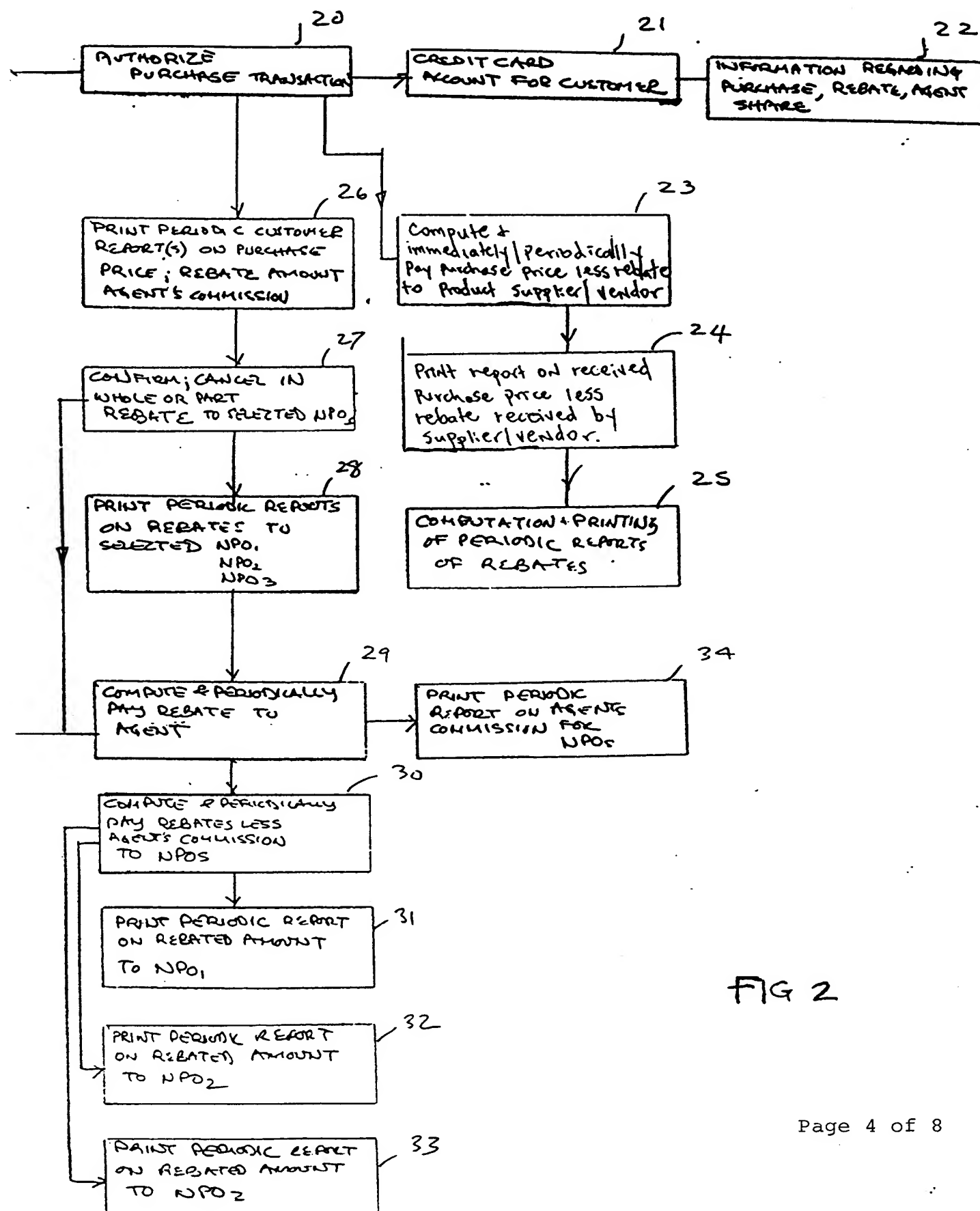
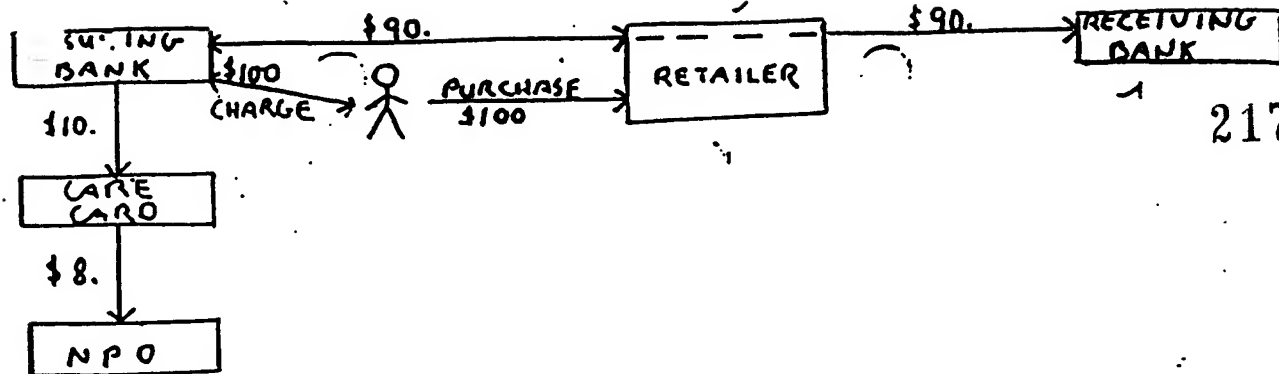


FIG 2



2177448

Fig 3

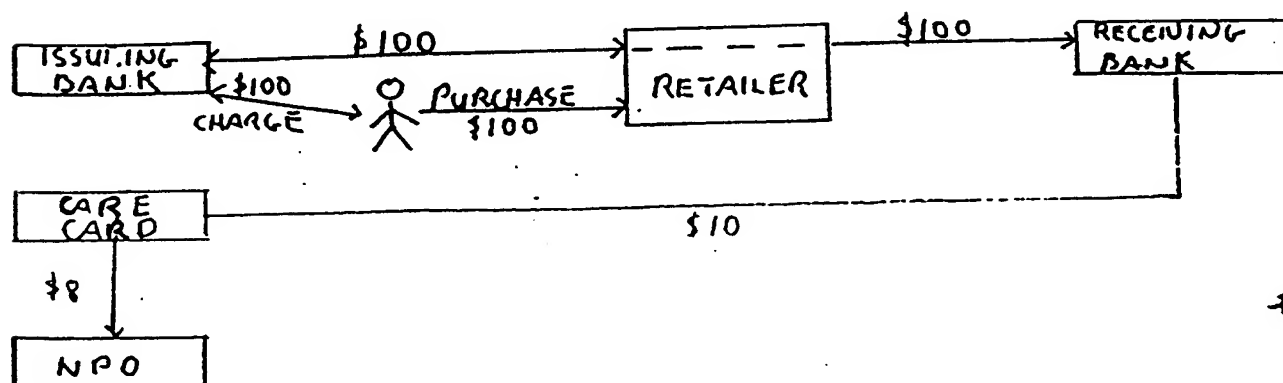


Fig 4

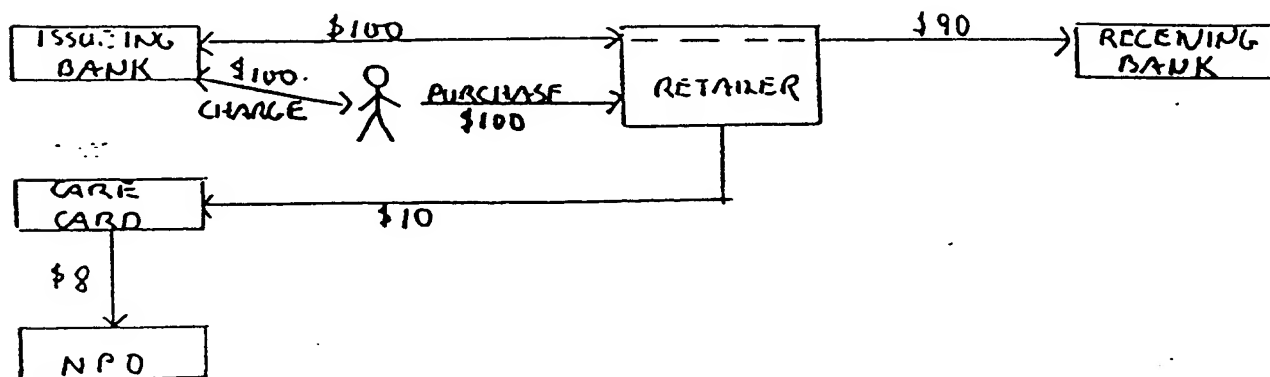


Fig 5

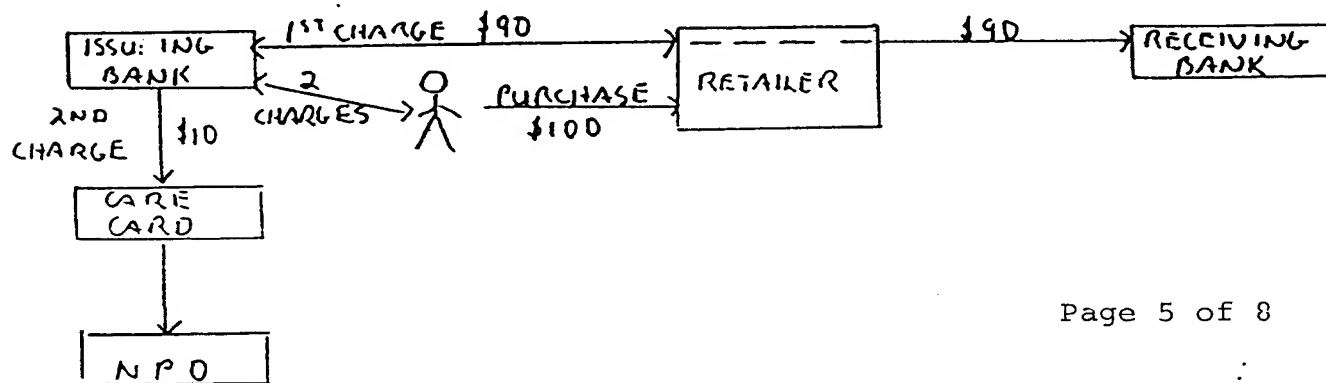


Fig 6

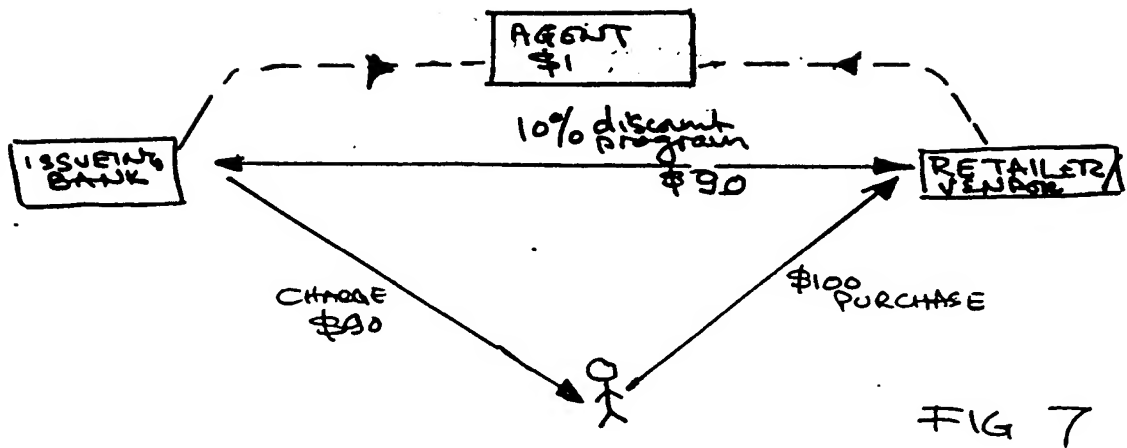
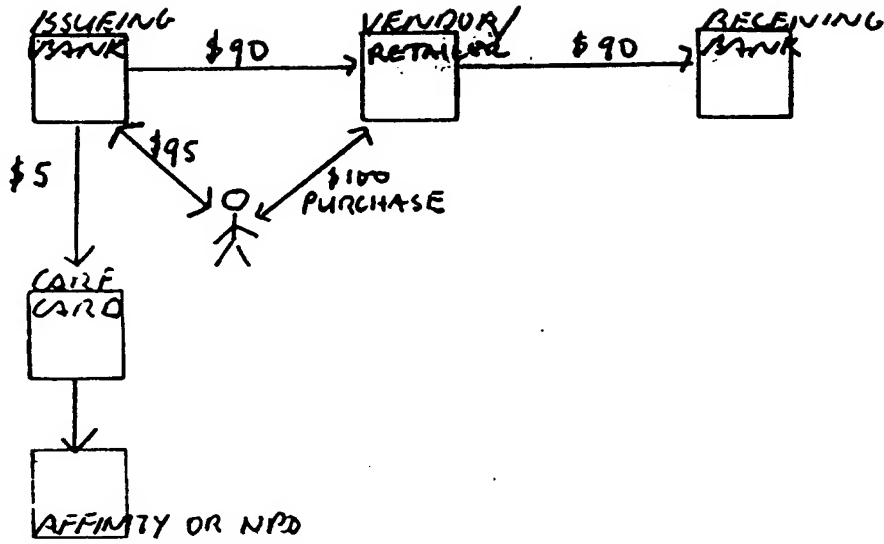


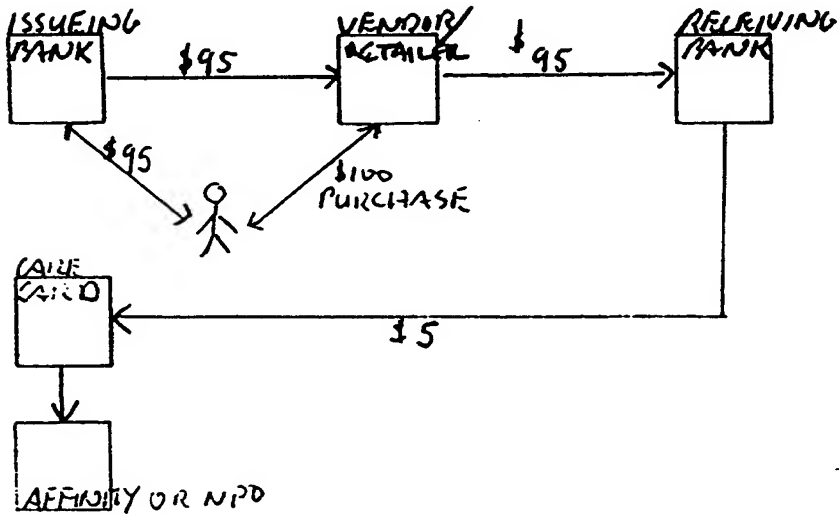


FIGURE 8 :

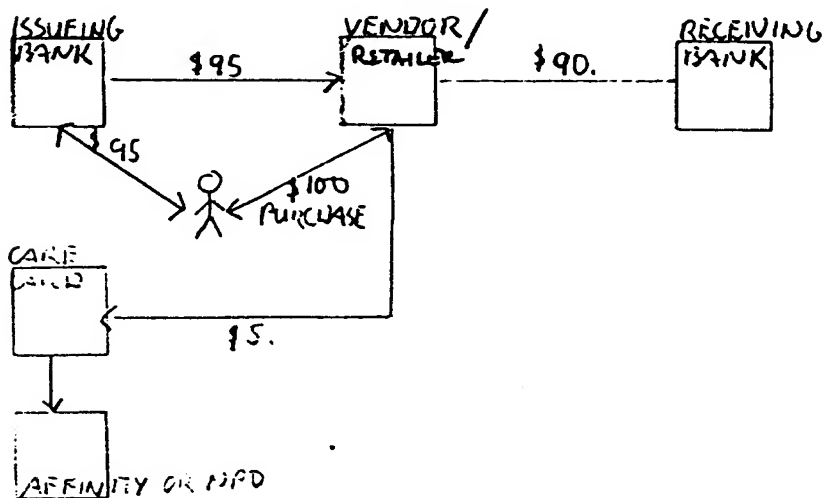
(A)



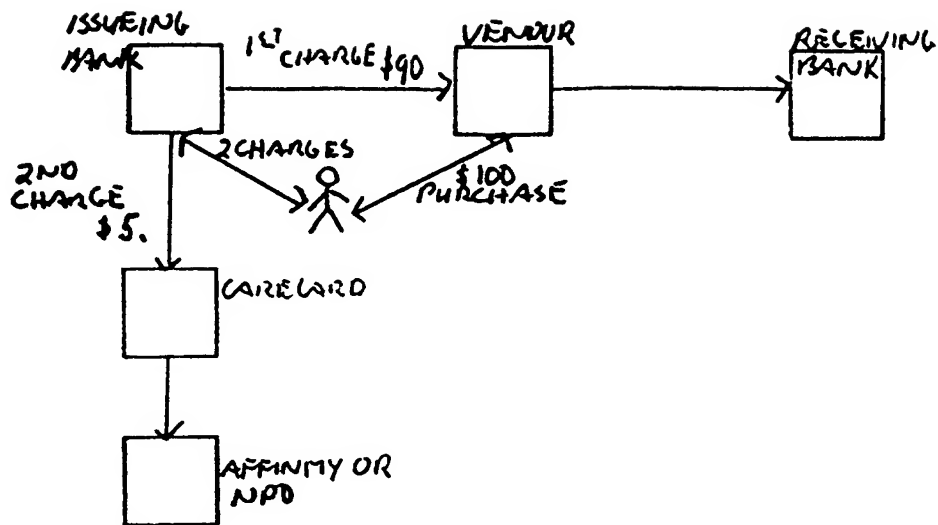
(B)



(C)



(D)



**SYSTEM FOR PURCHASING  
WITH A DISCOUNT AND/OR REBATE CONTRIBUTION**

by

Sheldon Kannegiesser

**BACKGROUND**

Having a purchasing system using a credit or a debit card which provides an immediate discount and/or rebate to the cardholder, of a percentage of the purchase price combined with a means of passing a rebate on to an affinity group or nonprofit organization as a contribution is highly desirable.

10           This invention relates to such a purchasing system. In particular, it relates to a system where, as a result of a purchase of a product, immediate point of sales discounts and/or rebates are made to the purchaser and as a part of the same transaction, if so desired, passed on to a specified  
15   recipient.

Many systems are known for having the feature of effecting a rebate or discount as the result of a purchase. A "discount" as used herein is wherein a cardholder receives an  
20   immediate discount at the point of sale. With such known discount cards there is no contribution feature. A "rebate" is a return of some of the monies either to a purchaser or some third party.

25           In some systems the rebate or discount is directed to operating essentially as a purchasing club wherein members purchase from a plurality of vendors and accumulate rebates. These rebates come in many forms and from many sources. The rebates may be made directly by the vendor, by a bank or issuer

of a credit or debit card, or by a service provider such as a telephone company. The form of these rebates includes situations where a vendor issues a credit card in conjunction with a banking institution (co-branded cards) in order to  
5 increase customer loyalty. In these situations, customers using a co-branded card to make their purchase may receive discounts on merchandise or discount coupons for future transactions with that vendor. In addition, these types of rebates may be passed on to a guarantor in the nature of an  
10 insurance company for investing in an annuity contract for the benefit of the member.

Vendors have formed joint ventures in order to increase sales volume and customer loyalty at their stores. An  
15 example of this situation occurs when vendors provide customer rebates which can be used towards the purchase of an automobile if the customer uses a credit card issued by that automobile manufacturer in conjunction with a bank or financial institution. Rebates may be given in an indirect manner. In  
20 such situations, a bank may utilize a service provider such as an airline or telephone company as a means of providing the rebate. In the majority of these situations the bank rewards the customer for frequent usage of the card through the accrual of points which can be used for a variety of benefits, such as  
25 frequent flyer miles, discounts on telephone calls, or the purchase of gasoline.

Some systems provide credit cards known as affinity cards. These cards are issued by a funding or banking source  
30 and are affiliated with groups including nonprofit organizations. These nonprofit organizations are the affinity associated with the card. When the purchasers use their card for a purchase, the card issuer donates a percentage of the gross purchase to the affinity organization designated by the  
35 card. In this manner, the card issuer makes a donation to the

affinity group. In this type of a system, the purchaser does not receive a direct benefit such as a rebate, discount or tax benefit as a charitable contribution. The beneficiary is the affinity group or nonprofit organization to which the purchaser  
5 holds an affinity and the contributor is the card issuer and not the purchaser. It has been determined that monies received by the nonprofit organizations from the card issuers may represent taxable income to the nonprofit organization as an unrelated business expense.

10

Other systems exist whereby service providers, such as long distance telephone companies, are affiliated with the affinity groups. In these systems when a supporter of the affinity groups contracts with the telephone service they  
15 obtain discounts on their long distance calls. The telephone service provider then passes the discounts on to the affinity group of that supporter in the form of a rebate. This rebate may be taxable to the affinity group. In these situations, there is no direct benefit to the purchaser.

20

Thus, it can be seen that numerous discount and rebate programs are available for use with credit or debit cards. In most cases, the discounts flow to the purchasing consumer. In these systems where an affinity group is the  
25 recipient, the contribution comes from the provider of the service or from a card issuing bank and not from the purchaser.

None of the transactional systems based on purchasing of products provides for advantages to the recipient and the  
30 purchaser. Nor do any such systems provide an immediate rebate contribution at the time of the sale. There is, accordingly, a need to provide an improved purchasing system with a rebate contribution feature, one which minimizes the disadvantages and drawbacks of those which are known.

35

SUMMARY

All known systems currently do not provide the means whereby the card issuer electronically recognizes a special  
5 card which provides discounts and/or rebates at a point of sale terminal, combined with a means to recognize vendors providing these discounts or rebates, thereby enabling the card issuer to immediately effect payment of the purchase price less the discount or rebate to the vendor. Nor do any such systems  
10 provide an immediate rebate contribution at the time of the sale.

By this invention, there is provided a system for effecting purchasing transactions utilizing a credit or debit  
15 card and having a rebate contribution which minimizes the disadvantages of known systems.

It is an object of the present invention to provide a computer program, utilized in combination with a purchasing  
20 or transactional system which allows purchasers to buy goods and services using a credit or debit card and receive an instant rather than a delayed discount and/or rebate at the point of the sale.

25 It is an object of the present invention to have the capability to automatically and instantaneously as part of the same transaction transfer these rebates on to an agent or custodial account for later disbursement to an affinity group, nonprofit organization, or other organizations or programs as  
30 designated by the purchaser.

Another object of the invention is to instantaneously pay the vendor a discounted amount as part of the point of sale purchase. In addition, this invention will produce periodic  
35 reports for the purchaser which follow the activity of the card

use. These reports will detail the purchase, the vendor from whom the purchase was made, the amount of the rebate earned and the amount of the rebate to be passed on to the purchaser's affinity group or nonprofit organization.

5

Another object of the present invention is to provide periodic reports for the affinity groups or the nonprofit organizations. When applicable, these reports will identify the donation as a charitable contribution from the purchaser in order to substantiate tax requirements in those countries where it may be necessary. These reports will include the purchaser's address and taxpayer identification number.

The transactional system of the invention is based on purchasing of products and provides for a point of sale, immediate, on line, electronic means, for a card issuing bank or institution to recognize a special card subject to a discount and/or rebate program and which allows the issuing bank or institution to effect payment to a vendor at the point of sale which provides the cardholder purchaser with all of the discount or rebate benefits.

According to the invention, there is provided a system of purchasing having both a discount and/or a rebate contribution. The system includes a first purchasing entity or consumer for purchasing products in the nature of goods or services. The purchaser obtains such a product at a predetermined price, usually the normal retail price charged by the vendor. Rebates and/or discounts on goods and services will have been pre-negotiated with participating vendors. Rebates will be earned by the purchaser and transmitted to a custodial account by the card issuer for distribution to the affinity organization or nonprofit group designated by the purchaser's credit or debit card. Discounts will be received immediately at the point of sale, by the cardholder. The card

issuer also transfers the retail purchase amount to the vendor, less the rebate or discount, in return for the product or service.

5           The rebate is preferably effected immediately. By the invention, the purchaser pays a price for the product, which is either goods or services. A portion of the purchase price is rebated to the purchaser and submitted to a custodial account to be passed on to the affinity group or nonprofit  
10 organization. Under current tax law, the purchaser may receive tax benefits if the final beneficiary of the rebate is a qualified donee under IRC § 170(c) of the United States. The tax laws of certain foreign jurisdictions may also apply favorably in this regard. In addition, the card issuer may  
15 fund an agent with a portion of the rebate, or retain a portion as its own fees.

          In a system having a discount or a rebate, all the parties benefit. Thus, the purchaser receives a product at a  
20 discounted price, and the nonprofit organization receives a contribution. The vendor benefits by having the sale transaction being effected through its business.

          The invention is further described with reference  
25 to the accompanying drawings.



**DRAWINGS**

**FIGURES 1A, 1B and 1C** are block diagrams representing hardware applicable for applying the procedure.

5

**FIGURE 2** is a flow diagram of software transactions representing transactional procedures in accordance with the invention.

10

**FIGURE 3** is a flow diagram representing a first transactional purchase with rebate and contribution.

15

**FIGURE 4** is a flow diagram representing a transactional relationship with rebate and contribution by a second process.

**FIGURE 5** is a transactional procedure illustrating a rebate and contribution procedure by a third process.

20

**FIGURE 6** is a flow diagram representing a transactional procedure representing a discount and contribution by a fourth process.

25

**FIGURE 7** is a flow diagram representing a transactional procedure representing a discount.

**FIGURES 8A to 8D** are flow diagrams representing a transactional procedure representing a discount and a rebate.

**DESCRIPTION**

A transaction system of the invention provides for purchasing products using a credit or debit card for which the purchaser receives a point of sale rebate and/or discount. The purchaser may retain the rebate or pass it on as a contribution to a recipient organization. The system includes a first purchasing entity or consumer for purchasing products in the nature of goods or services. The purchaser buys the product at the posted retail price. The vendor, by prior contract with the agent or card issuer provides rebates and/or discounts as a percentage of the purchase price. In the case of rebates, a portion of the rebate is transmitted to the custodial account of the agent for later transmission to the recipient organization designated by the cardholder. Another portion of the rebate will remain in the custodial account or transferred to another account in order to pay the fees of the agent.

The card issuer, upon recognizing electronically a rebate transaction utilizing a debit or a credit card as part of the system and recognizing that the vendor is a participating vendor, will charge or debit the full retail price to the account of the purchaser. By prior agreement with the vendor, the card issuer will pay the retail price of the product to the vendor less the pre-negotiated rebate and will simultaneously pay the rebated portion to the custodial account of the agent for later disbursement to the recipient organization designated by the cardholder.

The agent could be the bank which is itself maintaining a custodial account or it could be the account of a third party agent such as CareCard™. The rebate is provided by the vendor. At the cardholder's discretion, a portion of this rebate less the agent's fee may be retained. Alternatively, the rebate less the agent's fee may be passed on

as a contribution to the designated recipient organization. As a part of the periodic reporting system, the cardholder would be given the choice of whether to retain the rebates less the agent's fee for himself, or to pass this sum on to the  
5 recipient organizations.

A method for making charitable contributions is provided in combination with a transactional system utilized by at least one purchaser, a custodial account, at least one  
10 vendor, a card issuer, at least one charitable organization, and possibly an agent.

A vendor enters into a contract with an issuing bank or agent whereby the vendor designates an amount to be deducted  
15 from the retail price of its products or services as a rebate to the purchaser in return for volume purchasing. A purchaser also signs up to carry a debit or a credit card with a card issuer, whereby the purchaser designates at least one recipient organization to receive at least portion of the rebate.

20

The purchaser would then purchase products from the vendor using a transactional system to identify the purchase as one qualifying for the rebate. The purchase receipt is sent electronically through computer means to the vendor's bank for  
25 credit to the vendor's account. The receipt is also sent electronically through computer means to the purchaser's bank for payment. The purchaser is billed electronically through computer means whereby an invoice shows the amount of rebate eligible for contribution to the designated charitable  
30 organizations. The purchaser can then determine whether to give the rebate to the designated charitable organizations.

A system for purchasing products comprises a plurality of purchasers; a plurality of product vendors; means  
35 for designating at least one recipient organization; means for

identifying a purchase of a product as a purchase subject to a rebate; means for computing the rebate periodically; and means for permitting the purchaser to determine whether to keep the rebate or donate at least part of the rebate to the recipient.

5

As used herein, the term "CareCard" is used to define the agent's card or system.

Figure 1A illustrates the hardware for use in the system and method of the invention. A credit or debit card 10 of a purchaser is used for acquiring goods and services. The card is coded to identify both the purchaser and the recipient organization, and to authorize rebates. If necessary, the card 10 may be coded to authorize a rebate to one or more selected recipient organizations.

The card code is read by a device 11 at the location of purchase and processed. This transaction will be confirmed and the appropriate funds will be transferred. The input device 11 is connected through line 12 with the card issuer's computer account 13. In this situation, the card issuer is likely to be the bank of the customer, and the authorization of the transaction will result in the customer's account being charged or debited for the purchase price of the product. The card issuer in one embodiment may be connected through line 14 with the supplier bank which receives the funds from the card issuer. The card issuer 13 may also be connected through line 16 with a computer account 17, which handles the bank account of the agent. In this figure, computer 17 serves as both the agent account and the custodial account.

Figure 1B illustrates another possible embodiment. In this scenario, the agent computer account may be separate, as represented by block 119, and the custodial account would be represented by block 17. In a situation where the agent account

is separate, it could be connected to the issuing bank computer account 13 through line 120. Authorization of a transfer of funds at block 10 would effect a transfer of these monies into the computer account of the receiver, block 15, as well as the computer accounts of both the agent, block 119, and the custodial account, block 17. In a situation where the custodial computer account is represented by block 17, it could be connected through line 18 to computer account 19 at the bank of the recipient organization.

10

Figure 1C represents another embodiment where the card issuing bank computer 13 could be directly connected with the computer account of the agent as represented by block 119, and connected through a line 121 to the computer account of one or more of recipient organizations as represented by block 19. In this scenario, the appropriate monetary share could be paid by the card issuer directly to both the agent's computer account and the computer account of the recipient organization.

20

Figure 2 shows a flow diagram illustrating the process for performing the method of the transaction. The process starts from the authorization of the purchase transaction 20. When such purchase transaction is authorized, the credit card account for the customer 21 is charged or debited. The purchaser's account will retain information regarding the amount of the purchase, the vendor, the rebate and the amount of the rebate passed on to the recipient organization as indicated in block 22.

30

Authorization of the purchase transaction also permits computation and payment of a purchase price, less a rebate to a vendor, as indicated in block 23. The vendor will receive reports indicating the purchase price, less the rebate and the final net discounted amount paid to the vendor by the purchaser, as indicated in block 24. There can also be a

35

computation and printing of periodic reports of rebates paid to the purchasers, as indicated in block 25.

After authorizing the purchase transaction, block 20,  
5 it is possible to periodically print customer reports for the cardholder. These reports would indicate the vendor, the purchase price, and the amount of the rebate, block 26. The customer reports would provide a means wherein the purchaser could notify the custodial account on a periodic basis as to  
10 whether they desired to retain the rebates for the reporting period or to pass them on to the recipient organization as indicated in block 27. In this regard, the custodial account may delay payments of the rebated amount to the recipient organization for a time period which is different from the  
15 immediate payment to the vendor that occurs when the product or service is purchased. For tax purposes, the purchaser could also receive year end reports on the amount that has been given to the recipient organizations, block 28. An output from block 27 is directed to block 29 for computation and periodic passing  
20 through of the rebates to the recipient organizations or the purchaser. Block 29 is also connected with the authorizing block 20 so that when there is confirmation of a purchase and rebate that such rebates, if selected, may be paid directly to the custodial account as indicated in block 29.

25

The amounts rebated can be held in the agent account 29 and periodically computed and paid to beneficiaries, being either the cardholder or NPO1, NPO2 and NPO3, less the amount retained as the agent's commission, block 30. The NPO1 is  
30 indicated as block 31, NPO2 as block 32 and NPO3 as block 33.

The agent's computer can periodically print reports on agents' commission and rebates to NPO1, NPO2 and NPO3, as indicated by block 34. Similarly, blocks 31, 32 and 33 permit

for periodic reporting on rebated amounts for respective NPO's 1, 2 and 3, as indicated.

There is illustrated in the flow diagrams of **Figures**  
5 3-8 a person who is purchasing a product. The product is to be  
obtained from a supplier or vendor at a predetermined,  
preferably a posted retail price. Also illustrated is a  
funding entity in the nature of a card issuer. A recipient is  
illustrated which is an affinity group, which could be a  
10 nonprofit organization. Between the funding entity and the  
recipient, there is an agent illustrated as a CareCard™. There  
is also illustrated a receiving bank, which bank is in some  
cases the bank of the vendor or purveyor of the product. The  
products can be in the nature of goods or services. The  
15 issuing bank in the relationship of Figure 3, namely the  
funding entity, issues appropriate credit and debit cards  
through which the transactional purchasing arrangement with  
rebate and contribution can be effected.

20 The system of the invention is such that the  
purchaser or cardholder at the time of making an application  
for a credit card is provided with a card issued in association  
with an agent for a recipient organization which acts as a  
recipient of at least a portion of the rebate amount. In the  
25 illustrations of **Figures 3-8**, this agent or custodial is  
referred to as CareCard™.

The credit or debit card can be issued through any  
conventional credit card system such as Visa™, MasterCard™,  
30 American Express™, or the like. The cardholder or purchaser is  
informed of designated entities in the nature of vendors of  
services and products who are part of the transactional  
program. Such designated entities provide rebates on products  
purchased from them. The rebate can relate to a fixed amount  
35 or percentage of the purchase, and can vary according to the

amount of the purchase on an appropriate sliding scale or in fixed increments. The cardholder is periodically advised of additional vendors or additional entities who are part of the program and the appropriate rebates or discounts provided by  
5 these vendors. Such notification is part of the reports received periodically, for instance monthly, by the purchaser, namely the credit or debit cardholder.

The purchaser can selectively receive reports and  
10 information about rebates provided by the designated entities or suppliers, and the recipients. A record system can be periodically and/or cumulatively provided for all parties.

In some forms of the system, the purchaser can be  
15 entitled to retain the rebate in part or in whole himself, or donate that rebate to a nonprofit or affinity organization electronically through the credit or debit card and the agent, CareCard™. The amount retained by the purchaser in lieu of making the contribution may be different to the amount which  
20 would be fully contributed to the nonprofit or affinity organization. This can be done periodically on an ongoing basis as part of the statements received periodically. This can be effected, for instance monthly, by the purchaser from the funding bank or issuing bank, as the case may be. The  
25 contribution benefit received by the purchaser is such that the rebates donated may be credited as income tax deductible to the purchaser.

In different forms of the invention, the designated  
30 entity or vendor can provide contractually a stipulated rebate policy or percentage.

The flow diagrams illustrated in Figures 3, 4, 5 and 6 are variants in the sense of the party making the payment of  
35 the rebate to the recipient. In Figure 3, a receiving bank,



that is the bank of the supplier, namely a vendor, receives the purchase amount, less the rebate amount. The funding entity, the issuing bank, submits the rebate to the agent, namely the custodial account, CareCard™ and a portion of the rebate is  
5 then submitted as a rebate to an affinity group or nonprofit organization. The purchaser may receive a tax benefit as a charitable contribution. The affinity group can be an organization that does not qualify for a not-for-profit status.

10 In the arrangement of Figure 4, the issuing bank submits a full amount of the purchase to the supplier, who in turn submits the funds in full to a receiving bank. The receiving bank, in turn, submits the rebate amount to the agent, CareCard™. A portion of this amount is submitted to the  
15 affinity group or nonprofit organization, namely the recipient. The purchaser may receive a tax benefit as a charitable contribution.

In Figure 5, the arrangement is that the issuing bank  
20 fully pays the supplier, the vendor, the determined price. The retail entity then submits the rebate to the agent, CareCard™. The agent in turn submits a proportionate share to the nonprofit organization. The purchaser may receive a tax benefit as a charitable contribution.

25 The explanation of the transactional flow is described in further detail with regard to Figures 3, 4, 5 and 6.

30 The cardholder initiates a point of sale transaction utilizing the credit or debit card, identified as a CareCard™. The point of sale electronic receipt could indicate the following:

(a) a \$100 purchase and charge and a line possibly at the bottom of the receipt stated, "Rebates earned \$10";

5 (b) a variation to this could be the following:

Item purchased:	\$100
Total charge:	\$100
Rebate:	\$ 10
10 Vendor Net:	\$ 90

In different cases, a sales tax will also be added to the item purchased.

15 As a result of the electronics built into the CareCard™ system, the issuing bank would electronically and instantaneously identify the following: (a) a CareCard™ Point of Sale transaction; (b) the cardholder; (c) the cardholder's available credit or cash balance; (d) the nonprofit or affinity  
20 organization designated electronically in the card; (e) the vendor and whether or not they are participating in the rebate and/or discount program and the percentage rebate or discount that the vendor is providing. The technology automatically and instantaneously processes and transfers payment to the vendor  
25 of the discounted amount and in the case of a rebate, passes the rebate to the custodial account of CareCard™.

In Figure 3, the customer is making a \$100 purchase, the issuing bank makes a \$100 charge to the cardholder. Ninety  
30 dollars is paid to the vendor and the \$10 rebate transferred to the agent's custodial account. The \$90 is transferred through the vendor to the bank of the vendor, namely the receiving bank.

Monthly, quarterly, semi-annually or annually, the agent, CareCard™, passes the rebate on to the nonprofit while retaining a percentage of the rebate for its own fees.

5           A further variance to the transactions of **Figures** 3, 4 and 5 is by eliminating the agent's custodial account. The issuing bank, receiving bank or vendor pay the agent's portion of the rebate directly to the nonprofit.

10   **Different Characteristics of the System**

          The cardholder, by prior contract signed as part of the card application, agrees that when making purchases utilizing the credit or debit card at participating vendors, to make a contribution to the nonprofit organization or affinity  
15 group of the cardholder's choice as designated electronically in the credit card. This is accomplished in the form of an automatic secondary charge to the card in an amount equal to discounts negotiated on their behalf at participating vendors.

20           The cardholder receives the discount (not rebate) instantaneously at the Point of Sale indicated by the Point of Sale Receipt. In the case of the assumed transaction, the receipt shows a \$100 retail item, a \$10 discount and a \$90 purchase. For purposes of illustration, this is called a "100-  
25 10-90 transaction". The cardholder's monthly statement from the issuing bank shows a \$90 charge for the retail purchase an additional charge of \$10 as a contribution benefit. The cardholder initiates a Point of Sale transaction utilizing the credit or debit card (CareCard™). The Point of Sale receipt  
30 prints the actual discount showing the 100-10-90 transaction.

          As a result of the technology built into the card, CareCard™, the issuing bank electronically identifies the following: (a) a CareCard™ Point of Sale transaction; (b) the  
35 cardholder; (c) the amount of credit or cash available to the

cardholder; (d) the recipient organization designated in the card; and (e) the vendor is identified electronically if participating in the rebate or discount program and the percentage rebate provided.

5

The technology identifying the CareCard™, the nonprofit and the vendor is interfaced in a way that the issuing bank processes the payment for goods to the vendor, the discount to the cardholder and a second charge or debit  
10 equalling the discount is made to the cardholder's account and forwarded to the custodial account of CareCard™, for the benefit of the nonprofit, affinity organization, or other programs.

15

The issuing bank charges or debits the amount of the purchase, less the discount, to the cardholder's account and electronically sends the discounted amount (in this case, \$90) to the vendor. This transaction works in the following manner: The retail purchase is approved by the issuing bank at the  
20 retail Point of Sale and the receipt issued to the customer. The electronic cash transfer of \$90 is paid to the vendor or the receiving bank of the vendor.

The issuing bank automatically initiates a second  
25 charge to the cardholder's account equal to the discount provided the cardholder by the vendor, in this case, \$10. This amount flows directly to the custodial, account at the issuing bank. This custodial account could be provided by the issuing bank or the account of the agent CareCard™. CareCard™ need not  
30 maintain its account at the issuing bank.

The receiving bank or vendor's bank receives the discounted purchase amount, in this case, \$90.

The cardholder receives monthly statements from the issuing bank regarding the charge activities utilizing the CareCard™. This statement reflects in each instance where a discount was made available pursuant to this strategy, the amount of the purchase or charge (in this case, \$90), and as a second line item, the amount of contribution (in this case, \$10). The second line item also indicates the nonprofit or affinity organization for which the contribution was designated.

10

As part of this transactional system, the issuing bank generates transaction records on each cardholder for CareCard™ indicating the cardholder, the amount of contributions made by the cardholder, to what nonprofit or affinity organization the cardholder's funds would be directed, and the record of retail purchases. This is part of an electronic system programmed to operate automatically, starting at the Point of Sale. This information is part of the data banks at the issuing bank. At some point, whether quarterly, semi-annually, or annually, these funds are transferred to the nonprofit or affinity organization of the cardholder's choice as indicated in the card itself. This transfer is done manually or electronically. CareCard™'s fees are deducted from the cardholder's contributions prior to funds being passed on to the nonprofit or affinity organizations.

In another embodiment, a portion of the second charge to the purchaser bypasses CareCard™ and goes directly to the bank of the nonprofit organization. In this instance, CareCard™'s fees are programmed into the system and automatically deducted from the second charge and deposited electronically or manually in CareCard™'s account.

A further embodiment as illustrated in Figure 7 is characterized by the cardholder-purchaser receiving the

discount to himself, immediately at the point of sale. In this embodiment, there is no rebate or secondary charge passing to an affinity group or nonprofit organization. As an example, the cardholder makes a \$100 purchase at the vendor point of sale, utilizing his/her debit or credit card. The card is coded for the issuing bank to recognize electronically, as part of the purchase, that it is a special card that provides the cardholder a discount. The recognition of the vendor and whether or not he is providing a discount for the use of the special card would also be part of the electronic transaction. The issuing bank, upon recognizing the special card and that the vendor does provide a discount, in this example 10% of the purchase, would then pay only \$90 to the vendor plus applicable sales tax. At this point the transaction is over. The cardholder has received an instantaneous point of sale discount. An agent, such as CareCard™ could obtain a payment of at least a portion of the discounted amount. As shown, the agent would receive 1% of the purchase price from one or both of the issuing bank and/or vendor.

20

Yet a further embodiment as illustrated in Figures 8A to 8D, the cardholder-purchaser can obtain a selected combination of a discount and/or rebate. The amount of discount can be selected and the amount of rebate selected. The selection may be set in advance with the issuance of a card or can be effected or changed at a later time including at each transaction. This makes the card highly versatile, and the user has the ability to tailor the card to particular needs at different times. The discount will be immediately passed on at the point of sale. In this embodiment, the rebate or secondary charge passes to an affinity group or nonprofit organization. As an example, the cardholder makes a \$100 purchase at the vendor point of sale, utilizing his/her debit or credit card. The card is coded for issuing bank to recognize electronically, as part of the purchase, that it is a special card that

35

provides the cardholder a discount and/or rebate. The recognition of the vendor and whether or not he is providing a discount and/or rebate for the use of the special card would also be part of the electronic transaction. As shown in  
 5 **Figures 8B and 8C**, the issuing bank, upon recognizing the special card and that the vendor does provide a contribution of rebate and discount, in this example 10% of the purchase, would then charge or debit the cardholder's account \$95, and pay the \$95 to the vendor plus applicable sales tax. The vendor and/or  
 10 the issuing bank in **Figures 8B and 8C** would then pass the 5% rebate to CareCard™ and/or the nonprofit organization or affinity group. The cardholder has received an instantaneous point of sale discount.

15 In **Figure 8A**, a combination discount and rebate is also effected. The cardholder's account would be charged \$95. The issuing bank would pay \$90 to the vendor and \$5 to the CareCard™ custodial account and/or the nonprofit organization or affinity group association.

20 **Figure 8D** is similar to the **Figure 6** transaction except that only part of the discount is sent to the CareCard™ or affinity group. The remainder remains with the cardholder.

## 25 **General**

Various advantages are provided by the system of purchasing of the invention. These are that it:

(a) Provides recipient organizations and other  
 30 qualified donees with a much-needed source of financial support at no marketing cost to the charity.

(b) Simplifies charitable giving for  
 cardholders.

35

(c) Provides the cardholder with a cost-free method of supporting their favorite organization.

(d) Provides a new source of revenue for  
5 charitable organizations.

(e) Participating vendors benefit greatly by having the ability to attract large masses of CareCard™ credit or debit card members.

10

(f) Individuals utilizing a CareCard™ debit or credit card may be able to deduct for tax purposes a percentage of every purchase they make at participating vendor outlets if they opt to pass the rebate on to a qualified recipient  
15 organization. This benefit would provide the first tax advantaged card in the United States.

(g) Individuals utilizing a CareCard™ credit or debit card may elect to keep the discount for themselves or  
20 pass it on to their nonprofit organization.

(h) Vendors will be providing actual cash discounts, namely rebates, at the point of sale versus accumulated perks and points currently available on other forms  
25 of cards such as Frequent Flyer™ cards, the GM™ card, the Shell™ card, etc. Several merchants, such as the Broadway™ stores, do provide discounts at the point of sale if the customer is using the merchant's own card at the point of sale. However, this discount is not flowing to a custodial account such as  
30 CareCard™ and then passed on to a nonprofit. In addition, the discount is manually inputted at the point of sale by the vendor.

(i) Nonprofit organizations should not be taxed  
35 on the donations as unrelated business expense, a benefit that



may not be available to all other forms of known affinity card donations.

(j) It is the belief and understanding that in  
5 the transactional flow of each possible scenario as outlined in  
the attached diagrams, that the software programming that  
currently exists in the Visa™, MasterCard™ systems or of any  
banking organization or other card issuer, would need to be  
altered or newly-created in order to facilitate the electronic  
10 flow for a CareCard™ transaction.

Many other forms of the invention exist, each  
differing from the other in matters of detail only.

15 For instance, in addition to providing the rebate  
and/or discount benefits, the system can additionally provide  
the conventional benefits currently available on existing forms  
of card systems, such as Frequent Flyer™ miles, award points,  
and credits to future purchasers. Additionally, this card can  
20 be used to purchase with any vendors who accept conventional  
credit cards without a rebate and/or discount program.

This invention incorporates many variations of  
benefits, discounts and rebates which maybe applied to this  
25 system. The system for purchasing with a discount and/or  
rebate contribution encompasses all alternatives and  
modifications within the scope and spirit of the present  
invention. This includes the use of card technologies at the  
point of sale to initiate a purchase transaction. These card  
30 technologies include microprocessor "Smart Cards" also called  
"integrated circuit," "microchip," "chip" cards or "electronic  
purse." These cards are utilized on-line or off-line and have  
the capability to combine credit, debit and prepaid features in  
a single card.

35

This application incorporates any type or form of card technology that has the capability to perfect a point of sale purchase that initiates and completes a transaction as contemplated and outlined within the scope of this invention.

5

In other systems, the amount of the rebate may be varied, or adjusted by the cardholder when the holder receives the statement from CareCard™ or other custodial account holder.

10

The invention is to be determined by the following claims.

CLAIMS

What is claimed is:

5           1.    A method for obtaining discounts for a purchaser comprising:

          purchasing a product from a supplier at a predetermined price and recording such transaction in a computer;

10           designating a discount amount related to the purchased product and recording such transaction in a computer;

          authorizing the attributing of the discount to the purchaser and recording such transaction in a computer;

15           providing a discount to pass at the point of sale to the purchaser and recording such transaction in a computer; and

          providing a discount to pass at the point of sale to the purchaser and recording such transaction in a computer.

20           2.    A method as claimed in claim 1 including designating an agent between a funding entity for the purchaser and the supplier, the agent receiving a portion related to the discount.

25           3.    A method as claimed in claim 1 wherein the product purchased is selected to be at least one of goods or services, and wherein the supplier of the product purchased is from at least one of a plurality of product vendors.

30           4.    A method as claimed in claim 1 including providing a purchaser of the product with periodic summaries of the discount amounts.

5. Apparatus for obtaining discounts for a purchaser comprising:

a card for enabling purchasing a product from a supplier at a predetermined price and recording such transaction in a computer;

means for creating a discount to the purchaser as a result of the purchase and recording such transaction in a computer;

means for permitting the purchaser to confirm and obtain the discount at the point of sale and recording such transaction in a computer; and

a funding entity to periodically pass the purchase price to the supplier and at least a portion of the discounted amount to an agent, and recording such transaction in a computer.

6. Apparatus as claimed in claim 5 including means for providing a purchaser of the product with periodic summaries, such summaries including discounted amounts.

20

7. A method for selectively making contributions to a recipient or obtaining discounts for a purchaser comprising:

purchasing a product from a supplier at a predetermined price and recording such transaction in a computer;

designating a selected rebate amount related to the purchased product and recording such transaction in a computer;

designating a selected discount amount related to the purchased product and recording such transaction in a computer;

identifying a recipient of at least a portion of the rebate amount and recording such transaction in a computer;

creating a contribution benefit to the purchaser as a result of the rebated amount and recording such transaction in a computer;

selectively authorizing at least a portion of the payment of the rebate to the recipient and recording such transaction in a computer;

authorizing the selected discount to the purchaser  
5 and recording such transaction in a computer;

providing a funding entity to periodically pass at least a portion of the rebate to the recipient and recording such transaction in a computer; and

providing a discount to pass to the purchaser and  
10 recording such transaction in a computer.

8. A method as claimed in claim 7 including designating an agent between the funding entity and the recipient, the agent receiving a portion of the rebated amount.  
15

9. A method as claimed in claim 7 wherein the product purchased is selected to be at least one of goods or services, and wherein the supplier of the product purchased is from at least one of a plurality of product vendors.  
20

10. A method as claimed in claim 9 wherein the recipient is at least one of an affinity group or nonprofit organization, and wherein the funding entity is a bank.

25 11. A method as claimed in claim 7 wherein the purchaser optionally selects one or more recipients to receive a portion of the rebate, the rebate being a cash donation.

12. A method as claimed in claim 7 including  
30 providing for the purchaser periodically to select or waive at least a portion of the rebate.

13. A method as claimed in claim 7 including providing a purchaser of the product with periodic summaries of  
35 the rebated amount and the recipients of the rebate.

14. A method as claimed in claim 7 wherein the funding entity funds an agent and the recipient.

5 15. A method as claimed in claim 7 including designating an agent between a funding entity for the purchaser and the supplier, the agent receiving a portion related to the discount, and the discount being selectively obtained at a point of sale.

10 16. A method for making contributions to a recipient comprising:

enabling purchasing a product from a supplier at a predetermined price and recording such transaction in a computer;

15 creating a contribution benefit to the purchaser as a result of the purchase by having a tentative rebated amount designating to the purchased product and recording such transaction in a computer;

20 permitting the purchaser to selectively authorize the confirmation of at least a portion of the payment of the rebate to a recipient and recording such transaction in a computer;

having a funding entity periodically pass at least a portion of the rebate to the recipient and recording such transaction in a computer; and

25 permitting a purchaser to obtain a discount from the supplier.

17. Apparatus for making contributions to a recipient and obtaining discounts for a purchaser comprising:  
30 a card for enabling purchasing a product from a supplier at a predetermined price and recording such transaction in a computer;

means for creating a contribution benefit to the purchaser as a result of the purchase by having a tentative

rebated amount designating to the purchased product and recording such transaction in a computer;

means for permitting the purchaser to selectively authorize the confirmation of at least a portion of the payment  
5 of the rebate to a recipient and recording such transaction in a computer;

a funding entity to periodically pass at least a portion of the rebate to the recipient and recording such transaction in a computer;

10 means for creating a discount to the purchaser as a result of the purchase and recording such transaction in a computer;

means for permitting the purchaser to confirm and obtain the discount at the point of sale and recording such  
15 transaction in a computer; and

a funding entity to periodically pass the purchaser price to the supplier.

18. Apparatus as claimed in claim 17 including means  
20 for designating an agent between the funding entity and the recipient, the agent receiving a portion of the rebated amount.

19. Apparatus as claimed in claim 17 wherein the recipient is at least one of an affinity group or nonprofit  
25 organization, and wherein the funding entity is a bank.

20. Apparatus as claimed in claim 17 including means for the purchaser optionally to select one or more recipients to receive at least a portion of the rebate, the rebate being  
30 a cash donation.

21. Apparatus as claimed in claim 17 including means for providing for the purchaser periodically to select or waive at least part of the rebate.

35

22. Apparatus as claimed in claim 17 including means for providing a purchaser of the product with periodic summaries, such summaries including rebated amounts and the recipients of the rebate.

5

23. Apparatus as claimed in claim 17 wherein the funding entity funds an agent and the recipient, and wherein the discount is furnished selectively at the point of sale.